

**HARFORD COUNTY  
FISCAL YEAR 2006 BUDGET SUMMARY**

Although there is a standardized "Annual Budget Process," the development of each year's budget is based on: current and projected economic conditions; the wants of our citizens; plus operational needs and mandates, coupled with the strategic plans, fiscal policies and management techniques adopted by the Administration.

Though a number of our revenue streams have been affected over the past few fiscal years by various outside forces like a national economic slowdown, declining stock markets, low interest rates, and increased unemployment, through prudent fiscal management Harford County has remained fiscally sound. Throughout FY 05 there has been a major reversal of those same economic trends, leaving the County with a much brighter revenue outlook for FY 06 and beyond. Property and Income Taxes generally make up approximately 71% of all revenues. For FY 06 they total only 68.19% due to the first time inclusion of Impact Fee revenue (estimated at \$4 million) and a \$49 million Appropriated Fund Balance (which has averaged \$22 million over the past 10 years).

**PROPERTY TAXES** - Low mortgage interest rates produced an increased demand for residential real estate that outpaced supply, leading to rising real estate values and reassessments for the past three years. Based on these revenue projections, the County Executive proposed a \$0.02 decrease in the property tax rate from \$0.936 to \$0.916 for real property and a decrease in the personal property rate from \$2.34 to \$2.29, the first change to the rate since FY 84. This would have resulted in \$3,668,628 less projected General Fund Property Tax revenue for FY 06. The County Council approved only a \$0.01 reduction, with a compromise that the restored \$1,834,314 be dedicated for FY 06 to provide Paygo funding for the modernization of Bel Air High School.

**INCOME TAXES** - Receipts are continuing to show a strong growth over last year. The County is experiencing excellent job growth locally and the regional employment picture has brightened, estimated payments have increased and capital gains from real estate sales are rising.

**DEVELOPMENT IMPACT FEE FOR SCHOOL CONSTRUCTION FINANCING** - Legislation to initiate an Impact Fee is currently pending with our County Council. In anticipation of Council approval with a July 1, 2005 effective date, \$4 million in impact fee revenues is appropriated to partially fund the new Patterson Mill High School / Middl

**APPROPRIATED GENERAL FUND BALANCE** - Excess unappropriated fund balance at the end of a fiscal year, above the 5% reserve designated for credit rating purposes, maintained by County policy, is appropriated into the next fiscal year's budget, and treated as one-time funding for that fiscal year. Per the Official Statement, dated May 6, 2005, "For the fiscal year ending June 30, 2005 the County projects that its actual General Fund revenues will be approximately \$19.3 million more than the amount contained in the actual budget for fiscal year 2005. This increase is the result of stronger growth in property and income taxes than anticipated during budget preparation. Expenditures for fiscal year 2005 are estimated to be \$319.1 million. It is estimated this will provide a surplus of approximately \$24.1 million."

**LONG RANGE ISSUES AND GOALS**

**SCHOOL CAPACITY** - The new Aberdeen High School has been opened and the modernization/expansion of North Harford High School will be completed in the summer of 2007. The largest project directed to alleviating capacity issues is the new high school / middle school facility to be built at Patterson Mill. With the FY 06 budget, the County Executive has "forward funded" \$18.3 million of the \$59 million project with the hope, but no commitment, that the State will reimburse the County in the future. The Administration is also aware of other school capacity needs, including the modernization / replacement of Bel Air High School and a new elementary school for the area northeast of Bel Air. In projecting future budgets, additional staff and ancillary expenses are included for additional capacity.

**PUBLIC SAFETY** - \$600,000 is provided for re-banding of emergency radios in accordance with the Consensus Plan adopted by the Federal Communications Commission; \$787,083 is allocated to build a Work Release Center at the Detention Center; \$100,000 is appropriated for an alternate call taking and dispatch site for short term operations of critical public safety functions; funds are included for a new Darlington Substation and renovations to Aberdeen and the Susquehanna Hose Company's substations.

**FY 06 ISSUES AND OBJECTIVES**

**EDUCATION** - It is a particular point of pride for County Executive Harkins to be the first Harford County Executive to fully fund the Board of Education's budget request. Teac will be given a salary increment and a market rate adjustment to bring their salaries in line with those in comparable school systems. Increased funds will add 162 new teachers moving the school system closer to the Board's standards on class size; will provide an Alternative Education Center to offer services to disruptive students in lieu of suspensions; will increase per pupil allocations for materials and supplies; and will address the higher costs of on-going operating expenses and needs associated with mandates.

**PUBLIC SAFETY** - Issues for FY 06 include providing sufficient staff and funding to maintain safe communities, preventing gangs from getting a foothold in the County, and supporting a variety of drug prevention and / or rehabilitation programs. Ten Deputy positions created in FY 05 are annualized for FY 06, 20 new Deputy positions will be phased in during FY 06. Five new Public Safety Dispatcher jobs are created at the Emergency Operations Center; a new Assistant State's Attorney and an additional Legal Assistant II are allocated for the State's Attorney Office. \$5,124,361 is appropriated as both the County's annual contribution to the Sheriff's Office Pension Plan and to increase the maximum COLA to pensions for retired Deputies from 1.5% to 3%. Funds are also denoted for: an Emergency Medical Services Foundation to provide for a partially paid emergency medical service; a Revolving Loan Fund for the Volunteer Fire Companies to provide low interest loans to replace fire and emergency equipment; and a reimbursement to companies for ambulance expenses not fully compensated by insurance and / or other payments. In addition, the County is boosting its annual appropriation to each company by 2%, and allocating more funds to cover the rising cost of fuel and support services. Matching funds are provided for various anti-drug / crime / gang programs.

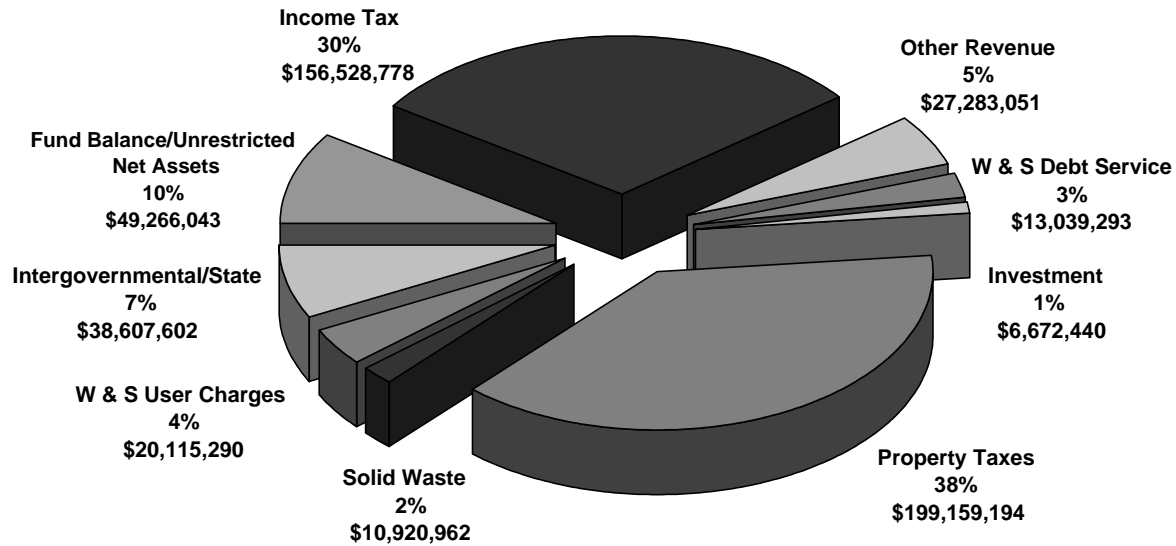
**WORKFORCE** - A merit step and a 3% Cost of Living Adjustment is provided for all eligible staff. To help our retirees with the inflated cost of health care, funds are appropriated to provide an additional \$75 / month per employee and spouse in the current benefit subsidy program, and to offer the plan to all eligible County retirees and their spouses.

**HARFORD COUNTY  
TOTAL FY 06 APPROVED BUDGET ALL FUNDS  
\$678,064,097**

OPERATING BUDGET \$521,592,653		CAPITAL BUDGET \$156,471,444	
	GENERAL FUND \$379,987,329		GENERAL CAPITAL \$25,086,394
	SOLID WASTE SERVICES \$17,608,924		WATER RESOURCES \$2,597,500
	HIGHWAYS FUND \$54,472,796		SHERIFF / EMERGENCY / FIRE \$3,396,583
	WATER & SEWER FUND \$38,924,465		HARFORD COMMUNITY COLLEGE \$2,751,686
	WATER & SEWER DEBT SERVICE \$18,399,899		LIBRARIES \$800,600
	PARKS & RECREATION SPECIAL REVENUE FUND \$793,820		BOARD OF EDUCATION \$66,693,473
	AG PRESERVATION - COUNTY \$10,680,420		SOLID WASTE SERVICES \$4,590,000
	AG PRESERVATION - STATE \$725,000		PARKS & RECREATION \$17,260,000
			HIGHWAYS FUND \$19,635,208
			WATER FUND \$5,760,000
			SEWER FUND \$7,900,000

**FY 2005 - 2006  
ALL FUNDS  
REVENUES & APPROPRIATIONS**

**TOTAL APPROVED REVENUES  
\$521,592,653**



**TOTAL APPROVED APPROPRIATIONS  
\$521,592,653**

